



Director of  
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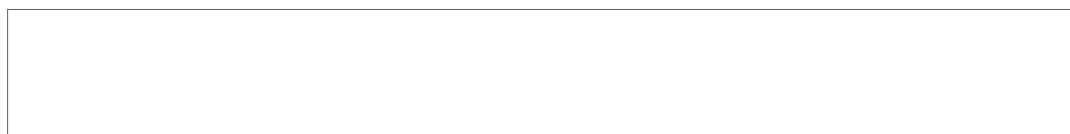
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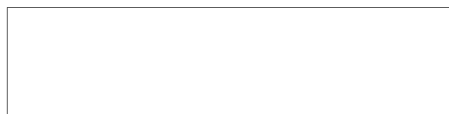
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## ITALY-US: Defense Minister's Visit

*INF is likely to head the agenda of Defense Minister Lagorio's discussions tomorrow and on Thursday with US officials in Washington.*

[redacted]

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Lagorio, a Socialist, had only limited knowledge of defense issues when appointed in 1980, and the defense establishment initially regarded him with suspicion. According to US officials in Rome, however, views on the Defense Minister now range from grudging respect to guarded admiration. [redacted]

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The Defense Minister has emerged as a staunch advocate for the military and a man whose political agility has enabled him to score successes against strong odds. Under his leadership, Italy has participated in the multinational forces in the Sinai and Lebanon, provided military aid to Somalia, facilitated the US Rapid Deployment Force, and supported NATO INF modernization. [redacted]

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Comment: Lagorio will reassure US officials that Italy remains determined to deploy ground-launched cruise missiles on schedule. At the same time, he is likely to reflect Rome's concern about the impact on West Europeans of recent Soviet proposals, and he probably will argue that the West has to show flexibility on the "zero option" while retaining it as a final goal. He also may want to sound out US officials on the question of joint control for ground-launched cruise missiles. [redacted]

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Defense cooperation is another major concern. Lagorio presumably is pleased about US efforts to conclude a contract with an Italian firm for repair of C-130s--an agreement that would require the firm to sever business ties with Libya. He will push, however, for additional efforts to end what he sees as a one-way street in weapons sales. [redacted]

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Other topics are likely to include expansion of the multinational force in Lebanon, better security for US nuclear weapons facilities, and Rome's desire to sell arms and equipment built under US license to such countries as Iran, Iraq, and Libya. Lagorio also might raise Italian perceptions of a growing Soviet and Libyan threat in the Mediterranean and US operations in Libyan-claimed waters that could heighten tensions. [redacted]

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## POLAND: Harassment of the Church

*Church-state relations may deteriorate in the coming months, but the government probably will not try to reduce the Church's rights and privileges substantially. (C)*

[redacted]  
[redacted] tension is increasing between the Church and the government because the authorities no longer need the moderating influence of the Church. [redacted]  
[redacted]

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A senior editor of a Catholic weekly in Krakow, moreover, has told a US Embassy officer that he expects the situation in Poland to worsen because the regime is not trying to develop a dialogue with the Church or the public. He says articles that would have been permitted in the recent past are now being censored. [redacted]  
[redacted]

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The Church continues to act as a forum for criticizing government policies. Lech Walesa on Sunday attended a mass for those jailed for their political activities.  
[redacted]

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Comment: The increased harassment is part of a broader effort by the authorities to intimidate critics. The Church may lose some of the freedom of action it enjoyed during the period when Solidarity was active. [redacted]

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An all-out assault on the Church seems unlikely. Despite the defeat of Solidarity and the lull in resistance activities, senior officials recognize that difficult economic times are ahead, and they seem to appreciate the continuing need for the calming influence of the Church. Some officials may still hope that the Church will play a more active role in the Patriotic Movement for National Rebirth and in other government-sponsored institutions.  
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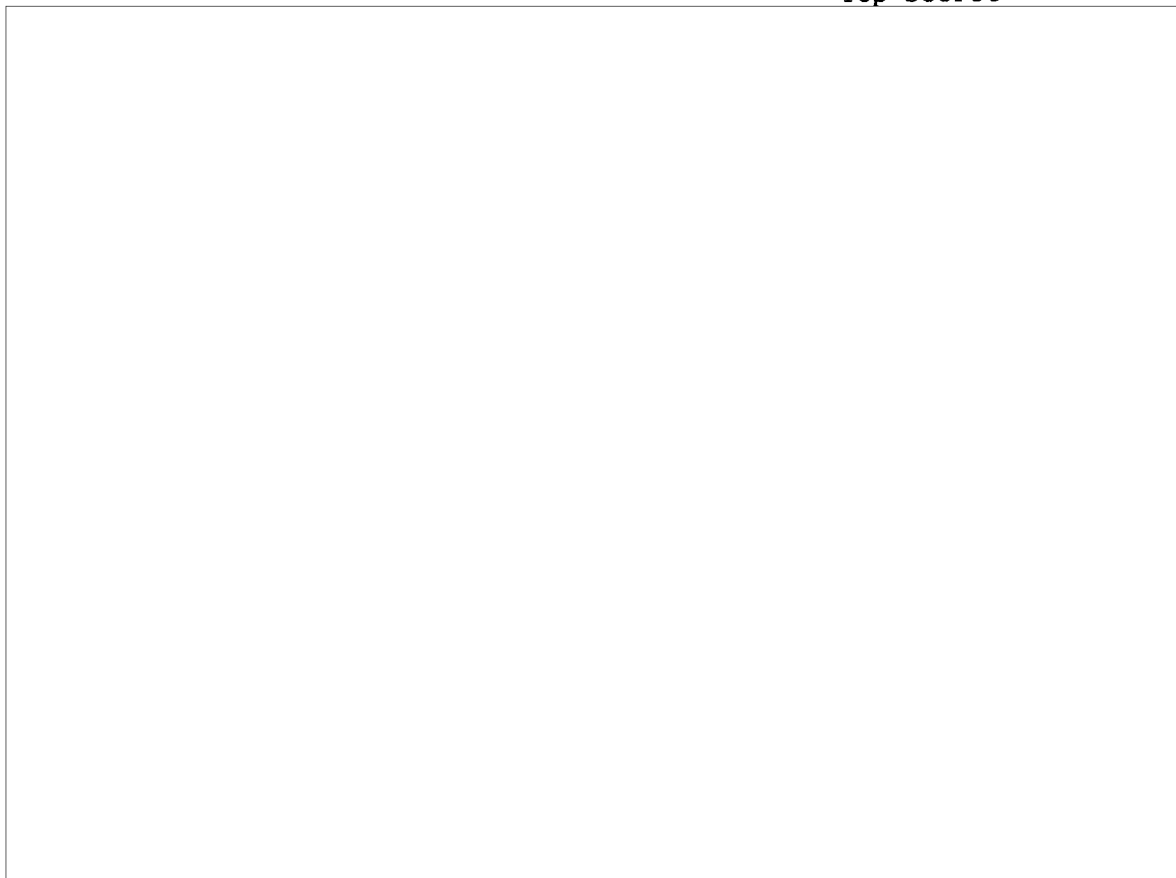
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## YUGOSLAVIA: Implications of Bakaric's Death

Rival Croatian politicians are in the midst of a struggle to replace Vice President Bakaric, the last of Tito's inner circle, who died over the weekend. Bakaric was the last person to hold positions simultaneously in the highest federal and party bodies. The US Consulate in Zagreb believes that Mika Spiljak, a 66-year-old Croat, is the leading candidate to replace Bakaric on the collective federal presidency and to serve a one-year term as president, while former Foreign Minister Vrhovec is a likely choice to take Bakaric's seat on the party presidium. [redacted]

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Comment: The death of Bakaric, whose authority was based on his ties to Tito and his prominence in federal councils, removes an important element of political stability. As his successors compete to replace him, they will stress the need to put Croatian interests ahead of federal concerns. This will make it even more difficult for Belgrade to resolve its financial, economic, and political problems. [redacted]

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## ITALY: Labor Unrest

A nationwide general strike organized by the United Labor Federations is scheduled to take place today to protest the government's new austerity program. Until now, workers have reacted with a series of wildcat strikes, demonstrations, and local union activity. In one incident in Rome, seven strikers were injured during a melee with police that the press has characterized as the most serious incident of its kind in 10 years. [redacted]

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Comment: The general strike could be the six-week-old government's most serious test to date. Unhappiness over the austerity package is widespread in the fragile four-party coalition. Prime Minister Fanfani's government could easily dissolve if the strike produces a combination of serious violence, property damage, injuries, or deaths. [redacted]

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## NICARAGUA: Opposition To Suspend Talks

The opposition's Democratic Coordinating Board reportedly plans to boycott future discussions with the Sandinistas about a new law governing political parties. The decision is based on recent press censorship of an article criticizing the draft and on an incident in which an opposition leader was not allowed to return to Nicaragua after making public criticisms abroad. The opposition also is concerned about the deaths of two activists under suspicious circumstances. [redacted]

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Comment: Opposition leaders are convinced the proposed law would serve only to consolidate the regime's rule, despite its assurances the draft is subject to modification. If the government offers to compromise, however, they probably would be tempted to resume participation. Regardless of the opposition's position, the Sandinistas are likely to proceed with their timetable for holding elections in 1985. [redacted]

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## VIETNAM-KAMPUCHEA: Military Operations

Vietnamese forces last week attacked and overran a lightly defended Democratic Kampuchean division headquarters complex along the Thai border [redacted]

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[redacted] The Vietnamese briefly occupied some high ground in Thailand, provoking several encounters with Thai troops. In separate action on Sunday, the Vietnamese forced troops of the non-Communist Khmer People's National Liberation Front from the last of several forward positions near Nong Chan that they had occupied since late last month. [redacted]

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## NAMIBIA: New Government

The leaders of Namibia's largely powerless Democratic Turnhalle Alliance government are scheduled to resign today, and South African officials say their Administrator General will rule with the aid of an advisory council. Pretoria initially sponsored the Alliance in the mid-1970s to create a political force that could protect white interests and challenge the South-West Africa People's Organization in UN-sponsored elections. Pretoria denied the Alliance the authority to tamper with white dominance in the territory, however, and it consequently never won support among Namibia's predominantly black population. [redacted]

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Comment: South Africa probably will move slowly to create a successor government, but when it does, it may signal its longer term intentions. Allowing the whites to remain dominant would indicate that Pretoria is not yet willing to pay the political costs of granting independence. On the other hand, promoting black leaders and allowing white control to diminish would suggest a willingness to grant independence, probably through a UN-sponsored settlement. [redacted]

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INTERNATIONAL: Results of Nonaligned Meeting

The communique issued by the Nonaligned meeting last week in Managua criticizes US policy in Central America less harshly than Nonaligned chairman Cuba and Nicaragua had proposed. The Sandinistas used the conference, however, to develop domestic support for the government. Sandinista propaganda and mass rallies publicized the conference as a demonstration of international solidarity with the Nicaraguan revolution.

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## Special Analysis

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### ISRAEL-JORDAN: Tel Aviv's Concerns

*Prime Minister Begin's government, after some initial skepticism, is beginning to take seriously reports that Jordan's King Hussein is close to a decision to join the peace process. Tel Aviv fears that Washington and Amman have already worked out a common approach to negotiations that has not been shared with Israel.* [redacted]

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Until recently, the Israelis believed that Hussein, although enthusiastic about the US peace plan, could not obtain the Arab and PLO backing he needed to join the talks. They were confident that Hussein's likely refusal would put the blame for a negotiating stalemate on the Arabs and convince the US that the Camp David process provides the only workable framework for peace talks.

[redacted]

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The Israelis agreed to a Jordanian role when the Camp David framework was negotiated in 1978. They would be apprehensive about a decision by Hussein to join now, however, because they believe this could come only as a result of US promises that Jordan would eventually get back most of the West Bank.

[redacted]

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Begin is considering how to react to such a move by Hussein. He is particularly worried that the King--with US support--will demand a freeze on settlements as a precondition.

[redacted]

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### Reaction to a Freeze Proposal

Begin's most immediate concern is that the US will bring substantial pressure to bear on Israel to agree to such a condition. Begin is emotionally committed to the settlements program. He told a US official last week that he would not agree to a freeze before opening any negotiations with Jordan.

[redacted]

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Rightwing members of Begin's coalition will oppose any acceptance of such a condition. The ultraconservative Tehiyya Party, which has three seats in the Knesset,

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almost certainly would leave the coalition. Some members of the Prime Minister's own Herut Party and the National Religious Party might follow, seriously eroding Begin's parliamentary margin. [redacted]

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At the same time, there would be substantial public pressure not to pass up an historic opportunity for peace with Jordan and a possible solution to the Palestinian problem. Moreover, Begin himself would be reluctant to engage in what probably would be another bitter dispute with the US. [redacted]

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### Begin's Response

These considerations make it likely that Begin would deflect pressure for a freeze by elaborating a series of Israeli conditions that Hussein would have to accept. The object would be to get Hussein bogged down in difficult negotiations over conditions for opening the talks while the Israelis refine their strategy. [redacted]

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Israel might try to exercise a veto over the selection of Palestinian delegates. Last week Defense Minister Sharon said Israel would not accept PLO supporters or "those who speak for them" as members of any Jordanian delegation to the talks. [redacted]

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Begin also could insist that Hussein publicly declare his adherence to the Camp David accords and agree to a statement that Jerusalem would not be subject to negotiations. By raising these issues, Begin would hope either to get Hussein to agree to Israel's narrow definition of autonomy or to dissuade him from entering the talks. [redacted]

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One cabinet minister has suggested that a demand by Hussein for a settlements freeze supported by the US would be a violation of the Camp David accords and would be cause for Israel's abrogation of the agreement. Begin probably would be reluctant to do this, however, because of US criticism and likely adverse domestic reaction. [redacted]

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Other Options

If faced with a demand for a freeze, Begin could ask for early elections and a national referendum on his decision to accept or reject Hussein's conditions. The Prime Minister has on several occasions expressed his preference for early elections but has been blocked by coalition partners who fear they would lose seats. These parties, however, probably would be unable to resist a call by Begin for early elections on the issue of a freeze.

[redacted]

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Such a move also would have the advantage of postponing any decision until at least early fall. The Israelis probably assume that by then political activity in the US will mean less pressure on them for concessions.

[redacted]

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If Begin believed his back was to the wall, he might act to increase tensions in Lebanon or with Syria. Either move would be aimed at distracting attention from the peace process and creating new inter-Arab strains that would make it difficult for Hussein to join the negotiations.

[redacted]

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The Prime Minister also could drag out the Israel-Lebanon negotiations and stall on troop withdrawals. Hussein would be unlikely to enter the negotiations unless there were some evidence of progress on withdrawals.

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